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MMARS Policy: Payroll

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Mandatory and Voluntary Deductions: Dependent Care Assistance Program (DCAP)

Executive Summary

Dependent Care Assistance Program

The Dependent Care Assistance Program (DCAP) is a voluntary program that allows employees to set aside a portion of their pre-tax income specifically for this purpose. Under the Federal Tax Law, employees may set aside pre-tax dollars for child or dependent adult care.

Considerations

This policy applies to all Commonwealth Branches and Departments.

Policy

Employees are eligible for this program if they:

- Are employed by the Commonwealth of Massachusetts;
- Have child(ren) younger than 13;
- Have child(ren) in a licensed day care center or family day care home or another form of child care that meets the Federal Tax Code requirements; or
- Care for an adult or child who is mentally or physically incapacitated whom they claim as an exemption for tax reporting and who lives in their house at least 8 hours a day.

Upon receipt of documentation of dependent care expenses from the employee, a reimbursement check is issued from the employee's DCAP provider. Unused contributions to the program will be forfeited.

DCAP Fee

A pre-tax administration fee is charged to employees participating in the DCAP program. This fee is deducted from the employee's wages divided evenly over each pay period during the year.

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Revised Draft 10/28/04

DCAP Program

- Administered by the Group Insurance Commission (GIC) and a third party administrator;
- Offered to all Commonwealth employees;
- Available through an employee's human resources office;
- Requires a DCAP Enrollment/Change Form;
- Deducted in every biweekly pay period; and
- Available on a voluntary pre-tax basis.

DCAP Forms can be found on the Group Insurance Commission's website:

<http://www.mass.gov/gic>

Internal Controls

Information Sources

- Related Procedure – None
- Legal Authority
 - 26 USC §129 Dependent Care Assistance Programs
 - Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8
 - Massachusetts General Laws, Chapter 32A
- Attachments - None
- Links - <http://www.mass.gov/gic>
- [Contacts – CTR Help Desk](#)
- **November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to Mass.gov/osc portal site.